

Report to the Social Services Appropriations Subcommittee

Budget Deep-Dive into Medicaid Reimbursement Rates – School Based Update

Prepared by the Division of Medicaid and Health Financing

June 1, 2018



EXECUTIVE SUMMARY

This report is submitted in relation to the Budget Deep-Dive into Medicaid Reimbursement Rates Issue Brief requested by the Social Service Appropriations Subcommittee in September 2017.

Introduction

The Social Services Appropriations Subcommittee requested that the Department of Health work with the Utah State Office of Education to encourage school districts and charter schools with large student populations to bill Medicaid for eligible medical services provided at school. The Department of Health was required to provide a report on the status of and financial impact to newly participating school districts and charter schools to the Office of the Legislative fiscal analyst by June 1, 2018.

The School-Based Skills Development Program, Generally

Under the Individuals with Disabilities Act, school districts or charter schools are responsible for providing a free and appropriate public education to their students. If a student needs a medical service to support their education, the school district is responsible for arranging for and paying for that medical service. In 1988, the Social Security Act was amended to allow the state Medicaid agency to fund some of these school-based medical services for students eligible for Medicaid. For the purpose of this document the term school district means school district or charter school.

There are four billing components to Utah Medicaid's School-Based Skills Development program:

- (1) A daily rate is billed where a child has an Individualized Education Plan (IEP) and through the IEP the child receives the required number of minutes of health-related services.
- (2) Itinerant Nursing Services are billed on a Fee-For-Service Basis where the child is medically fragile and the child needs continuous, one-to-one nursing services. Itinerant Nursing Services are billed in addition to the daily rate. The services that constitute Itinerant Nursing services are a limited set, and outlined in the Medicaid School-Based Services Provider manual.
- (3) The School Districts are allowed to bill for the Medicaid-related staffing and administrative Costs.
- (4) A yearly reconciliation is done to validate that the program was operated within allowable costs. If payments made to the school districts exceeds the allowable costs, the school district is required to refund the state Medicaid agency any overage.

Participation in the School-Based Skills Development Program

New Participants, Generally

Because school districts are responsible for providing the state funding for the program, participation in Utah's School-Based Skills development program is at the option of the school district.

School districts who have an interest in participating in the School Based Skills Development Program either contact Medicaid staff directly or are directed by the Utah State Office of Education to contact Medicaid staff. When approached by interested school districts, Medicaid staff explain billing and associated administrative requirements. Medicaid staff collect information about the interested school's program, and estimate the amount of money the school may receive if they choose to participate in the program. State staff also estimate the seed funding the district will be required to pay if they choose to participate. Each district can then make an informed cost/benefit analysis to determine if their participation in the program would be beneficial.

SFY 2017 School Based Medicaid Participation

During SFY 2017 South Summit School District began a contract with the state to participate in the program. However, due to delays in billing, no payments were made to Summit School District during that fiscal year. Spectrum Academy, a charter school, started billing in SFY2016 and SFY2017 represents their first full year of billing.

Over the course of SFY 2017, 34 total school districts and 2 charter schools received Medicaid payment for eligible medical services provided at school. Medical services are paid at a 70/30 federal match rate totaling \$22,688,970 paid to districts from Federal funds, \$8,371,681 matched by the districts, and \$574,373 paid in direct care administrative fees.

In addition to payments made for direct care services, the 34 school districts received payments of \$4,207,849 from Federal funds, paid out at a 50/50 match rate, for Medicaid Administrative Claims. The two participating charter school elected not to participate in administrative claiming.

SFY 2018 School Based Medicaid Participants

During the current fiscal year, a company representing 25 charter schools interested in participating the School-Based Skills Development program contacted the Medicaid agency. Medicaid staff have determined that only 16 of those schools have students with Medicaid eligibility. Medicaid staff are currently working with the individual charter schools to determine if participation in the program will be beneficial to them.

Conclusion

The Department of Health will continue to work with the Utah State Office of Education to encourage school districts and charter schools with large student populations to bill Medicaid for eligible medical services provided at school.